

## AUDIO OWNERSHIP SYSTEM

### BACKGROUND OF THE INVENTION

5                   The present invention relates to a system for providing music to users.

10                   The traditional technique for selecting music involves listening to the radio and remembering which artists are most appealing to the listener. The listener then may go to the store to purchase a compact disc, tape, or album containing that music. Unfortunately, the compact disc frequently contains numerous songs that the listener does not like. Accordingly, often the listener obtains a compact disc with one, and possibly two, songs which are enjoyable. Further, an artist releases a new compact disc which the listener becomes aware of. Without listening to the songs the listener purchases the compact disc with the expectation that the music will be enjoyable. Unfortunately, the compact disc will periodically be completely devoid of any enjoyable songs. After obtaining a compact disc that is no longer wanted, the user typically sells the compact disc on the secondary market at a substantial discount.

15                   Internet based music retailers, such as [www.amazon.com](http://www.amazon.com) sell compact disks to potential customers. To increase sales and to partially alleviate the unknown quality of the songs for their customers, Internet based music retailers may provide samples of selected songs. This permits the potential

5 customer to make a more informed decision regarding whether to purchase a  
particular compact disk by listening to the songs prior to purchasing the compact  
disk. While this is an improvement, the samples of the songs may be misleading  
as to the nature of the complete song and many songs on the compact disk do not  
include a sample. In addition, many compact discs do not include any samples at  
10 all. Moreover, the customer may have to wait several days for the compact disk to  
arrive. Further, after purchasing a compact disc that the listener does not like, the  
purchaser either relegates the compact disk to the drawer or otherwise sells the  
disk on the secondary market at a substantial discount. Accordingly, the customer  
may be unsatisfied with his purchase.

15 Other online retailers provide individual compressed digital audio  
music files for downloading and purchase by customers. While permitting the  
downloading of desirable songs without purchasing the entire album, the customer  
is unable to return the digital audio file for return of the purchase price nor is able  
to lawfully transfer the digital audio file to others.

20 Other Internet based services provide peer-to-peer music sharing  
service. One such service is [www.napster.com](http://www.napster.com) (as it existed January 1, 2001).  
Users of the music service sample the music on their compact disks thereby  
creating compressed music files, such as a motion picture experts group audio  
layer 3 files, typically referred to as MP3 files. The audio compression from an  
25 "uncompressed" compact disk is typically performed by an audio "ripping"  
program. After compression, the files are typically stored on the user's hard drive.

5 Upon signing into the music sharing service, the compressed audio files on each user's hard drive are made available to all of the other users. In this manner, different users may listen to different music by downloading and listening to the songs available from other users. This provides a convenient technique for sampling different music that the listener may not have otherwise listened to.

10 Unfortunately, the music that is being downloaded may be compressed at different sampling rates, which results in the audio having different qualities. In addition, re-compressing the compressed audio at another sampling rate does not result in as high of recording quality as if the song was originally sampled at the desired sampling rate. Because the system is a peer-to-peer file transfer system, with the  
15 server merely providing the network address of the audio files, the actual quality of the compressed audio is unknown. In addition, frequently the compressed audio files do not include the entire song. Further, the download speeds of the compressed audio are limited by the data transfer rate of the network connection of the other user, which is not within the control of the user downloading the  
20 compressed audio. Accordingly, it may take substantial time to download the desired audio files. The user may likewise be unable to locate a desired song because it is currently unavailable from other users. Moreover, peer-to-peer audio file servers may require suitable licenses to comply with the current United States Copyright Laws.

25 What is desired, therefore, is a convenient system for permitting users to listen to selected audio files.

## 5 BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a network based audio file system.

FIG. 2 is a block diagram of one embodiment of an audio file system.

FIG. 3 is a block diagram of another embodiment of an audio file system.

FIG. 4 is a block diagram of another embodiment of an audio file system.

10 FIG. 5 is a block diagram of another embodiment of an audio file system.

FIG. 6 is a block diagram of another embodiment of an audio file system.

FIG. 7 is a block diagram of monitoring software for use with the audio file system.

15 FIG. 8 is a block diagram of exchange limitations for use with the audio file system.

FIG. 9A is a block diagram of a further embodiment of an audio file system.

FIG. 9B is a block diagram of a further embodiment of an audio file system.

FIG. 10 is a block diagram of a further embodiment of an audio file system.

FIG. 11 is a block diagram of a further embodiment of an audio file system.

20 FIG. 12 is a block diagram of a further embodiment of an audio file system.

FIG. 13 is a block diagram of a further embodiment of an audio file system.

FIG. 14 is a block diagram of a further embodiment of an audio file system.

## DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

25 After considering the limitations of selecting music and the inherent file quality and quality of service limitations, the present inventors came to the

5 realization that a different paradigm should be developed. The current paradigm  
of providing songs based on peer-to-peer connections of user's downloading and  
storing the audio files on their hard drives should be modified to a paradigm based  
upon providing server based content, where the quality of the audio files and the  
service are more closely controlled. The current paradigm should likewise be  
10 modified to a paradigm based upon ownership of the music so that all the artists  
are properly compensated for their work. However providing audio files with  
ownership rights of selected songs, or otherwise one or more compact disks,  
would typically require sending the compact disk to the user and electronically  
transferring the selected audio files. After listening to the compact disk the user  
15 may then resell the compact disk at a discount. In addition, providing the compact  
disk to the user typically uses the postal service which is prohibitively expensive,  
and returning the compact disk to an Internet based buyer likewise typically uses  
the postal service which is prohibitively expensive. In a similar way, it is time  
consuming to travel to a music store to purchase a compact disc and thereafter  
20 travel back to a used music store to sell the compact disc for typically less than  
one-half of what the customer paid for it.

Referring to FIG. 1, a server 20 stores compressed audio files 22  
and is interconnected to the Internet 24. It is to be understood that the Internet  
may be any type of computer network which permits communication between  
25 multiple computing devices, such as computers. The audio files 22 are preferably  
obtained from a compact disk, record, tape, or other medium 21 at a first sampling

rate or as an analog audio signal. The songs from the compact disk or otherwise are compressed to a size smaller than they would have been had the file not been compressed. In other words, typically the songs are sampled at a lower sampling rate than they were originally sampled at when stored on the compact disk. For analog music signals the songs are sampled at the desired sampling rate.

Multiple users 26, 28, 30, and 32 may be interconnected to the Internet 24 to facilitate communication with the server 20. For each of the audio files 22 stored on the server 20 a corresponding copy of the compact disk or other medium is owned, or otherwise a license to the content is obtained, by the system provider 34 (e.g., an entity that provides the audio files for the user). In essence, for each set of songs from a single album or compact disk, the provider 34 has purchased the rights to that copy of the songs and the corresponding digital copy of those songs that are stored on the server 20 as the audio files 22.

Referring also to FIG. 2, the user may initially sign into the server 20 to listen to and download desirable audio files 22 at block 40. The user may search the audio files 22 on the server 20 at block 42 by any suitable technique, such as for example, artist, name of album, name of song, name of composer, name of producer, genre, etc. After locating a suitable song(s), album, or file the user may initiate the downloading or listening process at block 44 for the desired song file 22 from the server 20. Initially the server 20 determines if that song, other songs, or other files from the album are currently downloaded or in use by another user at block 46. If the song or other songs from the album are currently

5 downloaded, in use, or being downloaded by the same or another user, then the system determines if a sufficient number of copies or licenses are owned by the provider 34 to permit another download. In this manner, for each copy of a song, or a song on a particular album or compact disc, a corresponding copy of the compact disk, license, or otherwise, is verified as being owned by the provider 34.

10 It is to be understood that when reference is made to a particular album, compact disc, digital media, digital rights, tape, license, group of associated songs, group of audio files for which a license to use has been obtained, or otherwise ownership is obtained or otherwise established, that it is referring collectively to the entire group, even if not explicitly stated. The song and/or album is

15 determined to be available or not available at block 46. If the song or album is determined to be available at block 46, while a copy of the song or multiple songs from the same album are being downloaded by a particular user, the corresponding copy of the compact disk or license is "locked out" or otherwise made unavailable to other users at block 50, if no further ownership rights are

20 available. In this manner, the owners of any copyrights in the audio content are compensated for their contribution because only one digital copy, albeit compressed, of that content which was obtained by the provider 34 is provided to any user at any particular time. If a copy of the song or any songs on the corresponding album are not downloaded, not being downloaded by others,

25 and/or otherwise the service provider 34 has a license or ownership interest in another copy of (or the only copy of) the content, then the user is permitted to

5 download a copy of the content at block 52. Upon downloading the content  
and/or otherwise selecting content to be downloaded or streamed, the  
corresponding compact disk or otherwise is indicated as "unavailable." In this  
manner, audio content is made available to users in a convenient manner where  
quality may be maintained. The provider 34 may "rip" or otherwise obtain the  
10 digital audio files 22 with a desired sampling rate where the completeness of the  
audio files are guaranteed. The provider 34 may maintain physical control over  
the media 21 and may or may not provide the physical media 21 to the user, if  
desired.

Referring to FIG. 3, (a further embodiment) after the user has  
15 completed downloading the song, any other songs on the same album, or  
licensed songs, the user may desire to search for other songs on different albums.  
Prior to downloading or streaming a song or digital file from a different album, the  
user may delete, if desired, the copy of the previous song(s) downloaded from the  
server 20 at block 56. Upon deleting the previously downloaded song(s)/files, that  
20 corresponding compact disk (license or other media) that was "locked out" is then  
made available to other users at block 58. After deleting the previously  
downloaded audio files, and preferably acknowledging the deletion of the audio  
files at block 60, the user may start downloading or streaming additional  
song(s)/files from a different album. In this manner, digital copies of songs may  
25 be provided to a user without violation of the copyright owner's interest in the  
content because only a single copy of a particular song or album, for which a



5 legitimate ownership interest has been obtained, is downloaded/streamed or otherwise the ownership interest has been transferred, at any particular time, albeit preferably in a compressed digital form. In the event that there is sufficient bandwidth, the digital files do not need to be compressed.

10 After consideration of the process by which the audio files are made available to the user, the present inventors realized that by rearranging the order of the processes may result in a decrease in the number of compact discs (i.e., media) or licenses for which ownership rights need to be obtained. Referring again to FIG. 3, if the corresponding disk is blocked out at block 50 and permitted to be downloaded at block 52, there exists the possibility that considerable time may elapse before the user actually acknowledges the deletion of the previously  
15 downloaded song(s)/album at block 56. Referring to FIG. 4, it is preferable that the deletion at block 56, the acknowledgment at block 60 (if provided), and the make available at block 58 are performed prior to permitting downloading of the newly selected audio files at block 52. In this manner there is a reduced likelihood of multiple audio files from different albums being "locked out" for a significant  
20 period of time.

Referring to FIG. 5, the system may include a membership or fee based subscription service. Prior to signing into the server at block 40 (see FIG. 2), the user purchases a compact disk (or other media/digital rights) at block 80, such as for example, from the service provider 34 or other source. The purchase  
25 price may include for example, the retail price of the compact disk, and an account

5        setup fee. In this manner, the ownership rights of a particular compact disk (or  
other media/digital rights) are attributed to a particular user, while the service  
provider 34 maintains physical control over the compact disk or license on behalf  
of the user. Since the transaction may be considered a sale or otherwise a  
purchase, the system may provide the option for providing the compact disk to the  
10        user at block 82. In this manner, the compact disk is available to the user, if  
desired. If the compact disk or license is stored by the service provider 34, then  
the corresponding compact disk or license is "locked out" or otherwise made  
unavailable from being purchased by other users at block 84. Accordingly,  
ownership of a compact disk is established for a user at block 86 by their  
15        purchase thereof. Alternatively, the rights to the audio content may be purchased  
or otherwise established in any other manner. For example, a license may be  
obtained without the purchase of the compact disk itself, a compact disk, digital  
file, digital rights, or otherwise may be provided to the service provider 34 to  
establish ownership rights of the content, a compact disk may be inserted into a  
20        computer to establish the ownership of the installed compact disk, or otherwise  
establish an ownership interest in the media. Preferably, the ownership interest is  
sufficient to transfer the ownership interest to others by a gift, sale, transfer, or  
otherwise.

Referring to FIG. 6, ownership of a compact disk (or otherwise the  
25        medium) for a user is established at block 100 in any manner. The user may  
relinquish ownership of the compact disk to the service provider 34 at block 102.

5 This relinquishment may be performed, for example, by selling the compact disk  
back to the service provider 102 and crediting the user's account. In the case of  
digital audio files, and the desire to fully transfer effective ownership to those  
audio files and corresponding compact disk, if any, the user preferably deletes the  
digital audio files that the user received corresponding to the compact disk that the  
10 user had an ownership right to at block 104. The user may acknowledge the  
deletion of the song(s)/album at block 106. It is to be understood that any other  
technique may be used to effectuate the "deletion" of a file, such as for example,  
using technology that results in the file being non-functional after an event such as  
listening to the file or an elapse of a period of time, removing the header portion  
15 from the file, or encoding the file so that it is no longer usable. The service  
provider 34 may then make the deleted song(s)/album, acknowledged if desired,  
available to other users at block 108. The user may search the audio files on the  
server 110 to locate desirable audio files. The system determines if the  
song(s)/album is available by having an available compact disk or otherwise rights  
20 to the media at block 112. If the song(s)/album is available at block 112 a  
transaction transferring ownership in the content between the user and the system  
is performed at block 114. The ownership transfer of the compact disk other  
otherwise may be performed by the user, such as for example, using a credit  
existing in his account, the user paying for the compact disk, the user exchanging  
25 the previously owned compact disk established at 100 for the compact disk  
selected at block 112, or otherwise. In essence, the system effectuates a transfer

5 of the ownership of a compact disk (or otherwise) from the service provider 102 to  
the user, or it may effectuate a transfer of the ownership of a compact disk (or  
otherwise) from a user to another user. This transfer is preferably not in the  
nature of a rental, a lease, lending, or by any other act or practice in the nature of  
rental, lease, or lending. In that way an effective transfer of ownership, or  
10 otherwise a sale, of the content is accomplished at block 114. The corresponding  
compact disk (or otherwise) for the selected audio content is blocked out at block  
116. With the effective transfer at block 114 and the blocking out of the compact  
disk (or otherwise) at block 116, the download of the song(s)/album/or otherwise  
may be effectively performed at block 118, without impinging on any prohibition  
15 against a transfer that is in the nature of a rental, a lease, lending, or the like,  
prohibited under the Copyright Act, 2001. After downloading the content obtained  
at block 118, the digital audio may be exchanged again, in any manner, as  
desired.

In the preferred embodiment, the user is permitted to download  
20 audio files originating from a single compact disk, album, or otherwise, for which a  
corresponding compact disk or otherwise is "locked out" from being provided to  
another user. If the user desires to simultaneously download or otherwise  
maintain copies of audio files from multiple compact disks or otherwise then the  
service provider 34 would "lock out" multiple compact disks or otherwise, namely,  
25 one or more compact disks or otherwise that collectively contain all of the audio  
files that are currently selected, downloaded, or being downloaded by the user. In

5 this manner, the artists rights in this music is protected from unauthorized downloading or otherwise misappropriation of their works without proper compensation.

10 It is to be understood that the user may purchase or otherwise establish ownership for multiple compact disks or otherwise, if desired. In that manner, the user does not need to delete all of the downloaded audio files, but only the portion corresponding to the compact disk or otherwise that the user is transferring ownership back to the service provider 34 or the user is transferring ownership to another user. This permits the user more flexibility in the selection of audio content without deletion of any files that has been lawfully obtained.

15 The digital audio content may be provided to the user in any suitable format desired. For example, some of the existing file formats include, MP3, Liquid Audio, Real Player, MPEG 1, MPEG 2, and wav files. In addition, the digital audio content may be provided as "streaming" media which is listened to as the media is being provided to the user.

20 Referring to FIG. 7, the system may include monitoring software 130 installed, otherwise operating on the user's computer, or available to the user through a networked connection, to assist in the selection of suitable songs. The monitoring software 130 may include an interface that permits the searching for and selection of songs by artist, genre, lyrics, year, decade, title of album, title of song, or any other suitable search criteria. If desired, the monitoring software 130  
25 may track the downloading of songs for one or more albums obtained from the

5 server 20 and where the corresponding digital files are stored by the user.

Thereafter, when the user desires to download additional audio files from other compact disks, the system may automatically delete the previously downloaded audio content so that the corresponding compact disk may be made available to other users.

10 The exchange of audio files using the server may be further limited or otherwise modified by other criteria. Referring to FIG. 8, the criteria may include a limited time during which the user is permitted to listen to the audio content at block 150. In this manner, the purchase, transfer of the ownership, or otherwise will only be valid for a limited time duration, such as 2 hours. This  
15 likewise permits the service provider 34 to maintain a smaller collection of compact disks because the corresponding audio content is not "checked out" to a particular user for an extended period of time. The time limitation may be based upon, the user's voluntary agreement to delete the songs after a time duration, the monitoring software 130 deleting the songs, a time indication provided with the  
20 audio file indicating the time during which the file may listened to and other times the file being rendered inoperable, or otherwise any suitable technique.

It may be observed that this system of exchanging or otherwise transferring ownership rights to digital audio files corresponding to compact disks, or otherwise media rights, results in a system that permits users to listen to a wide  
25 selection of different songs. In this manner, the system may be free from the necessity to purchase or otherwise obtain licenses from the copyright holders

5       apart from the license that comes with the purchase of the media.

10               The criteria may include a comparison between the value of the  
compact disk currently purchased or otherwise attributed to the user, and the  
value of the compact disk or otherwise from which songs are desired, at block  
152. This permits the system provider 34 to avoid situations in which the user  
15       purchases a relatively inexpensive compact disk and exchanges that compact disk  
with a relatively expensive compact disk, thereby depriving the service provider 34  
or another user of adequate compensation. Likewise, if the user purchases a  
relatively expensive compact disk and exchanges that compact disk with an  
relatively inexpensive compact disk, the user's account may be credited or the  
15       user reimbursed in some suitable manner.

              The criteria may include limitations based on the sign up fee paid by  
the user. In general, different number of albums, files, or otherwise may be  
provided, more extensive selections, and greater flexibility if the user pays a  
relatively higher fee at block 154.

20               The criteria may include limitations based upon the type of the media  
at block 156, such as for example, analog tape, 8-track, laser disc, compact disk,  
album, super audio compact disk, digital audio disc, etc. In this manner, the  
system may compensate for the expense of purchasing the corresponding media,  
with compact disks tending to be more expensive than tapes. In one example, the  
25       trading for some users may be limited to audio tapes.

              The criteria may include the genre of the music being listened to at

5 block 158. The popular music in some genres, such a rock, tend to be transitory  
in nature so that the album is in high demand for a limited period of time therefore  
resulting in the service provider 34 purchasing of many copies of the  
corresponding media. However, after a limited period of time, the album will tend  
to be relatively unpopular after which the service provider 34 will have a large  
10 collection of corresponding media without any corresponding demand. After this  
occurrence, the service provider 34 may sell the corresponding media at a  
considerable loss. In contrast, genres that have a stable demand will not result in  
such temporary over purchasing of corresponding media and therefore will tend to  
be less expensive for the service provider 34.

15 The criteria may include user preferences at block 160 by which the  
user selects exchange and usage limitations. The user preferences may be used  
as the basis for determining the fee criteria for the exchanging of audio files or  
otherwise.

20 The criteria may include the length of the audio files, number of  
audio files exchanged or otherwise downloaded, or otherwise the number of audio  
files on a particular compact disk(s) at block 162. Similarly, this criteria may  
permit the service provider 34 to adjust the fee schedule based upon the  
bandwidth for file transfer that the user will be using to download the songs.

25 The present inventors determined that there may be copyright  
ownership considerations relating to the simultaneous storing of compressed  
digital audio files, such as MP3 files, on the server, transferring the ownership of



5 the compact disk or otherwise to the user, permitting downloading or streaming of  
the digital audio files to the user, still maintaining the digital audio files on the  
server after the transfer has occurred without another copy of the compact disk  
being owned by the service provider 34 or other users, and maintaining backups  
of the digital audio files. In essence, the service provider 34 may have transferred  
10 ownership of the compact disk or otherwise and the corresponding digital files or  
otherwise but might retain a copy of the digital files on the server. Referring to  
FIG. 9A, the service provider 34 may store one or more of the compact disks in a  
compact disk jukebox 200 or other system that makes the physical compact disk  
available on demand. In the event that the downloading of the digital audio files  
15 and the corresponding digital audio files represent the only remaining copy of the  
corresponding compact disk owned by the service provider 34 (block 202), then  
the service provider 34 may delete the digital audio file after transferring the digital  
audio file to the user at block 204. In this manner, only one single copy of the  
digital audio file and possibly a backup of that digital audio file will be maintained  
20 corresponding to a single compact disk. After the user exchanges the compact  
disk at block 206 the digital audio files may be "ripped" from the compact disk at  
block 208 to the server or possibly retrieved from a backup copy to replace the  
digital audio files previously deleted. In addition, the user could likewise retransfer  
the digital audio files back to the server, if desired. However, for each compact  
25 disk where the service provider 34 has multiple copies of the same disk, the  
service provider 34 may only need to "rip" one set of digital files, which could

5 result in substantial time and cost savings. Moreover, with the “ripping” of the digital audio files being performed by the service provider 34 the quality and completeness of the digital audio files may be maintained.

Referring to FIG. 9B, the service provider 34 stores or otherwise has ownership rights in an assortment of compact disks at block 220. The service provider 34 likewise may store digital audio files corresponding to the compact disks at block 222. Further, the service provider 220 may likewise have internal backups of the digital audio files at block 224. The user may download the digital audio files from the provider 34 at block 226. In the event that an insufficient number of a particular compact disk is not “locked out” or otherwise available to other users, such as the last copy of the compact disk is provided to a user at block 226, then the service provider 34 may be considered to be storing a backup copy of the digital audio files on the server 20 on behalf of the user. In this manner, when the user exchanges the particular compact disk the server 20 may use the previously stored backup of the digital audio files for other users. Accordingly, the system may permit the last compact disk to be “locked out” while retaining a backup copy of the digital audio files on the server 20 to alleviate the need to “rip” another set of digital audio files from the compact disk.

Referring to FIG. 10, the service provider 34 may provide an annual or other periodic subscription model for operating the service business. For example, the user may initially purchase a compact disk or other, and pay an account setup fee and/or renewal fee at block 300 and/or other fees. The

5 purchase of the compact disk may be at a retail price or other suitable price. The fee for the compact disk may likewise vary based on the price of the compact disk selected. The account setup fee, may be for example, a one time fee for creating an account on the system. The renewal fee may be a periodic fee, such as monthly, quarterly, annually, etc., for access or otherwise using to the system.

10 After a period of time, such as an annual time, the system may consider the purchased compact disk as a "used" compact disk, even though the actual compact disk may not have been actually removed from its packaging or otherwise used in the traditional sense at block 302. The compact disk assigned a "used" value may be the disk the user has currently exchanged for, the compact disk or other purchased when setting up the account, or otherwise any suitable disk or media right. A value may be attributed to the "used" compact disk at block 15 304. The user may have the option of having the "used" compact disk forwarded to them, with the addition of shipping and handling charges, if desired at block 306. If the user does not desire to have the compact disk forwarded, such as at 20 the end of a renewal period, then the "used" value of the compact disk may be credited to his account by selling the compact disk to the service provider 34 or another user at block 308. The user may then select another compact disk for the next period of time, such as an annual time, at block 310. The service provider 34 may charge the user a fee for the renewal, which may include for example, a 25 renewal fee and the price of the new disc minus the "value" of the "used" compact disk, at block 312. In this manner, the user has the option of selling the "used"

5 compact disk, if desired. In addition, the user may have the option of crediting the  
sale of the "used" compact disk toward the purchase of a new compact disk for  
the next time period. In other words, this effectuates a sale of the compact disk or  
otherwise being stored by the service provider 34 and likewise permits the user to  
purchase another compact disk or otherwise from the service provider 34 or  
10 another user.

Referring to FIG. 11, another option for termination of the annual  
subscription is to provide for forfeiture of the compact disk or otherwise. The  
forfeiture may be automatic, in the event that the user can not be contacted, or in  
the event that the user does not renew or otherwise agree to pay for the shipping  
and handling. In this manner, the compact disk or otherwise may become  
15 property of the service provider 34 and the agreement with the user will be  
terminated.

Referring to FIG. 12, the service provider 34 may sign up its own  
artists and act in the capacity of a record label itself. In this manner, the service  
20 provider 34 may be the owner of all of the copyright rights in the music, to the  
extent possible under current Copyright Laws of the particular jurisdiction. The  
service provider 34 artists may likewise include artists where the service provider  
34 is alleviated from having to pay the normal royalties owed the copyright owners  
if the music was provided in a typical manner, such as by radio or other broadcast.  
25 In general, the artists provided by the service provider 34 will incur less royalties  
than would have normally otherwise because of contractual relationships with the

5 artists or other copyright holders. The service provider 34 may provide the option  
to users of sampling its own artists at block 350. The user may select one of the  
service provider 34 artists at block 352. The user may, after downloading (e.g.,  
purchasing) songs on non-service provider 34 compact disks at block 360, select  
to exchange the currently downloaded audio files for one of the service provider  
10 34 artists at block 350 before signing off the service. In this manner, the time  
between uses of the system by the user during which the user may be "parked" on  
expensive compact disks or other expensive audio files is minimized. This may  
reduce the expense of the available digital files for the service provider 34. This  
frees up additional audio files for other users and reduces the inventory required  
15 by the service provider 34 to provide a full selection.

The preferred embodiments envision that the audio files may be  
transferred by some type of file transfer or streaming media. In addition, the audio  
files may be free from encryption that limits their use, copyright water marking,  
proprietary formats for a particular system, a file encryption that inhibits copying of  
20 the file, a file encryption that inhibits or otherwise limits the number of copies that  
may be made, time limited durations, etc. In this manner, the audio files are freely  
transferable from one system to another, while operating properly. In addition, the  
system may use streaming audio content where instead of transferring digital  
audio files the audio content is streamed in a continuous fashion to the user's  
25 computer, while the user simultaneously listens to the content as it is being  
streamed or otherwise listens to the content at later time. Moreover, the server 20

5 may simultaneously stream and download the file to the user. In addition, the  
audio files may be provided to the user in a manner that requires modification of  
the audio file after downloading prior to listening to the file. In this manner, the  
distribution of the audio files may be more readily controlled, if desired. If desired,  
the audio files may be directly provided via an e-mail or likewise to the user or  
10 otherwise made available for downloading from the server. The server may make  
the audio files available in an "in box" or other user account that resides on the  
server. In this manner, the audio files are made available and the user may  
selectively download the desirable audio files. After the audio files are  
exchanged, transferred, sold, or otherwise relinquished or transfer ownership  
15 thereof, the server may simply remove access to the audio files from the user's "in  
box" or the user's account.

Referring to FIG. 13, the user may select audio content at block 380.  
If the system determines that less than a selected number of copies of the  
compact disk are available, such as zero, one, two, etc., then the system at block  
20 382 may desire to obtain additional copies or otherwise rights to more audio files.  
While ordering additional compact disks or digital rights through the mail is  
possible, it is prohibitively time consuming when a customer desires the audio files  
at that time. To overcome this limitation, a computer networked based automatic  
purchasing agent may be used to purchase an additional compact disk or other  
25 rights at block 384. In the event that there were no additional copies or otherwise  
rights to audio files available from the server (or less than the desired number),

5 the audio files are permitted to be downloaded or otherwise purchased at block  
386 after the automated purchasing agent has secured the rights to additional  
copies of the compact disks or ownership rights.

The system may track the exchange of audio files for particular  
users. In this manner valuable statistical data is obtained that may be used for  
10 any suitable purpose, including the selection of additional audio files. The data  
may include, for example, popularity of particular compact disks, popularity of  
particular songs on particular compact disks, popularity of songs/compact disks as  
a function of the time of day, groups of albums that are likely desirable by the  
same user by monitoring user's exchanges, popularity of songs/compact disks as  
15 a function of the region of the country, popularity of songs/compact disks as a  
function of the age of the user, popularity of songs/compact disks as a function of  
the sex of the user, popularity of songs/compact disks as a function of the  
demographics of the user, popularity of songs/compact disks as a function of the  
income of the user, popularity of songs/compact disks as a function of the duration  
20 the audio files were purchased by the user, popularity of songs/compact disks as  
a function of whether the corresponding compact disk or single was purchased,  
popularity of songs/compact disks as a function of the artist, popularity of  
songs/compact disks as a function of the genre, popularity of songs/compact disks  
as a function of the year, popularity of songs/compact disks as a function of the  
25 decade/year the compact disk was released, and popularity of songs/compact  
disks as a function of the decade/year the compact disk was recorded.

5 Referring to FIG. 14, in another embodiment the system may be  
used in a peer-to-peer environment where different users 400, 402, 404, and 406  
sign into the server 410. The users preferably provide a list of available audio files  
to the server 410 or to all, or a selected set of, the other users which can be  
exchanged with other users. The users may then search the server to locate  
10 other users that have desirable audio files for downloading from the other user. In  
this manner the server 410 acts as a clearing house for available audio files for  
transfer between users. In addition, the server 410 likewise preferably tracks  
which files each of the users has ownership rights in. In addition, the sever 410  
may be implemented in the manner of a distributed server residing on one or more  
15 of the user's computers. When a user desires to obtain ownership rights to  
another compact disk or otherwise, the server 410 or otherwise distributed server  
"locks" out a corresponding compact disk or otherwise makes available audio  
ownership rights for the user transferring a copy of the audio files from the other  
user. In this manner, the server 410 acts as an ownership clearing house for the  
20 audio ownership rights. In a similar manner, user's may transfer ownership rights  
of audio files back to the server 410, or others users, and obtain new audio files  
from other users, while the server 410 or other user provides the user  
downloading the file with the proper ownership rights to the media. In this  
manner, the server 410 (or other users) acts as a clearing house for audio files  
25 while the actual files are being transferred from other users, as opposed to the  
server itself.



5

The system shown in FIG. 14, may be extended to eliminate the server, where the user's perform the exchange between themselves. In this manner, the user's will transfer the digital audio files between themselves while likewise providing the compact disk or otherwise to the other user. Alternatively, the user may store the compact disk on behalf of the user obtaining the digital audio files. Further, the user providing the digital audio files preferably deletes any copies of the files that he has after transfer.

10

In addition to audio files, the system may be used to transfer other types of digital files. Such digital files may include digital video content, computer software, or any other type of digital content.

15

The user may likewise purchase a compact disk from the service provider 34 which is shipped to the user, and the corresponding digital audio files are provided to the user with the compact disk or otherwise provided to the user through a computer network.

20